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Report Highlights:

The report updates information about Vietnam's rice production and trade. Stocks are high and a large new crop is coming - prices are low. The country's rice stocks for 1997/2001 period are also provided.

Includes PSD changes: Yes
Includes Trade Matrix: No
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PRODUCTION

2000/01 Winter-Spring (W-S) rice crop.

According to Ministry of Agricultural & Rural Development (MARD), the growing area of 2000/01's W-S rice is about 3,015 thousand hectare (Tha), of which 1,145 Tha in the North and 1,870 Tha in the South respectively.

W-S paddy being harvested in the South. By April 4, 2001 there was 1,312 Tha of W-S rice harvested in the South of which 1,154 Tha in the Mekong River Delta (MRD). The crop yield in some key rice producing provinces like An Giang, Can Tho of MRD is reported as high as 5.6-5.8 MT/ha.

The crop yield in the other region, the Red River Delta, is also forecasted to increase due to an increase in the use of hybrid rice. Therefore, Post revises the W-S rice area down to 3,015 Tha from the previous number of 3,040 Tha and the crop yield up to 5.06 MT/ha and the crop production to 15,256 TMT (see Table 1 and the PS&D table). So in CY-2001, the country's total rice area will be down to 7,539 Tha and the total paddy production is slightly up to 31,543 TMT due to increasing crop yield.

2001's Summer-Autumn (S-A) rice crop.

The 2001's S-A area is probably reduced by about 100 Tha in MRD. According to planning data from MRD's provinces, for 2001 the S-A area in the MRD has declined by 100-120 Tha compared with last crop's level as farmers are advised to turn some paddy areas into other more economical activities like shrimp breeding in Bac Lieu and Ca Mau province (about 20 Tha); growing fruit trees in Long An, Bac Lieu, Ca Mau, Soc Trang, Tra Vinh and An Giang provinces (about 50 Tha) and some areas for fish raising in the Long Xuyen Quadrangle. On the other hand, MARD also suggested farmers in the region not to grow late S-A paddy as it may be effected by flood. The Ministry of Industry is working with Can Tho, Soc Trang and An Giang provinces to make a plan for growing 5 Tha of cotton in each province. However, the Post does not make any change on area of this S-A rice crop as it is only started to be sown.

The crop being sown in the South. By April 5, 2001, about 348 Tha of S-A rice was sown in the South of Vietnam of which 336 Tha in the MRD. The harvest of the S-A rice will be in May, 2001.

Table 1: Roughed Rice Areas, Yield and Production (REVISED)

	1998	1999	2000		2001	
Harvested Area (THa)			Old	New	Old	New
10th Month	2,542	2,387	2,394	2,394	2,259	2,259
Winter-Spring	2,717	2,888	3,001	3,001	3,040	3,015
Summer-Autumn	2,118	2,300	2,220	2,265	2,265	2,265
TOTAL	7,377	7,575	7,615	7,660	7,564	7,539
Yield (MT/Ha)						
10th Month	3.06	3.28	3.46	3.46	3.50	3.50
Winter-Spring	5.01	4.86	4.96	4.96	4.96	5.06
Summer-Autumn	3.56	3.74	3.65	3.65	3.70	3.70

TOTAL	3.92	4.02	4.11	4.10	4.15	4.18
Production (TMT)						
10th Month	7,779	7,829	8,283	8,283	7,906	7,906
Winter-Spring	13,612	14,036	14,885	14,885	15,078	15,256
Summer-Autumn	7,540	8,602	8,103	8,267	8,380	8,380
TOTAL	28,931	30,467	31,271	31,435	31,365	31,543

Source: *MARD & FAS/VN*

PRICE (Current exchange rate: VND 14,600 equal to \$1)

Local price.

In the North. Paddy price is stable and at VND1,550-1,700/kg in almost Northern provinces. The harvest of the W-S rice will begin in the early May, 2001.

In the South.

In the last week of April, paddy price in the MRD is improving as impact of the Government's commitment on compensation payment for losses suffered by rice retaining enterprises. The paddy price increased by VND 100-200/kg to VND 1,100-1,250/kg. However, this price is still below the floor price (VND 1,300/kg) set by the Government due to ample supply from W-S rice crop harvest and the harvest of S-A will come soon. The price of raw white 25% broken is VND 1,650/kg-1,770/kg (see Table 2).

Table 2: Prices of Paddy and Raw White Rice in MRD on April, 2001

Provinces	Paddy Prices (VND/kg)	Raw White Rice 25% Broken (VND/kg)
Can Tho	1,120 - 1,200	1,670 - 1,770
An Giang	1,120 - 1,200	1,650 - 1,750
Tien Giang	1,150 - 1,200	1,680 - 1,780
Vinh Long	1,120 - 1,220	1,680 - 1,700
Dong Thap	1,150 - 1,250	1,650 - 1,800
Long An	1,200 - 1,250	1,800 - 1,850
Tra Vinh	1,100 - 1,150	1,670 - 1,770
Soc Trang	1,100 - 1,200	1,650 - 1,780
Kien Giang	1,100 - 1,220	1,650 - 1,700
Bac Lieu / Ca Mau	1,150 - 1,200	1,680 - 1,780
Ben Tre	1,200 - 1,300	1,770 - 1,800

Source: *Traders*

Export price.

The offer price for Vietnam's long grain white rice in the middle of April was USD 143/MT; \$133/MT and \$124/MT (CNF HCMc) for 5%; 15% and 25% broken rice respectively.

VIETNAM'S RICE STOCK

The Table 3 illustrates the Vietnam's rice stock for the period of 1997-2001. The domestic consumption includes rice used for human, animal husbandry, seedling and other purposes such as for making rice whisky. In Vietnam, the rice for seedling accounts for about 5% of the total production. There is no official data available on how much rice is used for animal feed, but we are sure that it's increasing and ranging from 5 to 15%. The ending stock data comprises stocks kept by the National Reserve Offices, by rice exporters and by individual farmers. Post will continue to work on this issue and keep you informed.

Table3: Vietnam Rice Stock for 1997/2001 period

	1997	1998	1999	2000	2001
Market Year Begin	01/1997	01/1998	01/1999	01/2000	01/2001
Beginning Stocks	250	442	477	344	967
Milled Production	18,003	19,094	20,108	20,747	20,818
Rough Production	27,277	28,930	30,467	31,435	31,543
MILLING RATE (.9999)	6,600	6,600	6,600	6,600	6,600
TOTAL Imports	0	0	60	20	0
Jan-Dec Imports	0	0	60	20	0
Jan-Dec Import U.S.	0	0	0	0	0
TOTAL SUPPLY	18,253	19,536	20,645	21,111	21,785
TOTAL Exports	3,327	3,776	4,555	3,370	4,000
Jan-Dec Exports	3,327	3,776	4,555	3,370	4,000
TOTAL Dom. Consumption	14,484	15,283	15,746	16,774	16,920
Ending Stocks	442	477	344	967	865
TOTAL DISTRIBUTION	18,253	19,536	20,645	21,111	21,785

TRADE

Vietnam Food Company No.2 (Vinafood2) won two tenders to sell 200 TMT of rice to the Philippines. In March, Vinafood 2 won two rice bids with the total of 200 TMT of 25% broken rice to the Philippines at \$ 145.2/MT, C&F basis. The price, payable six months after shipment, was the lowest that the National Food Authority (NFA) of the Philippines paid for this grade rice since they started to import rice in 1983. The company started to delivery rice in April and will complete it in May.

According to Saigon Times Daily newspaper, Vinafood 2 has signed another contract with NFA to sell 240 TMT of 25% broken rice to the Philippines on C&F basis. The shipment will be carried out in May and June. The price of this purchase is not disclosed. Vinafood 2 and NFA also agreed on a barter contract to sell rice for fertilizer. Vinafood 2 will ship 50 TMT of 25% broken rice to the Philippines for fertilizer (50%) and the remaining will paid by cash.

In March, 2001 Vietnam exported about 200 TMT. Africa was the biggest destination for Vietnam's rice, followed by Indonesia and Iraq (see Table 4)

Table 4: Vietnam Estimated Rice Export in March

By seller	5%	10%	15%	25%	35%	100% br.	Gluti.	Parboiled	Unknown	Total
Kigimex	5,500	9,300		4,500			2,500			21,800
Vinafood2	2,500	15,000		3,500						21,000
Vinafood1		14,000								14,000
Docimexco		10,500								10,500
Dagrimex	5,500	4,000	1,000							10,500
Tigifood			3,500	4,500						8,000
Angimex			5,000	2,600						7,600
Vinh Phat	5,000	2,000								7,000
Imex Cuu Long			750	5,800						6,550
Vinhlong food	4,500		500	1,500						6,500
Gedoseco	5,000		1,500							6,500
Viet Nguyen	5,860									5,860
LA Food	1,500	1,500	1,300	1,400						5,700
Sofoodco	1,100			4,500						5,600
Imex Tra Vinh				5,500						5,500
Mountourimex	1,500	1,200	500	2,000			210			5,410
JFT Rice								4,700		4,700
Afex	1,250		1,500	1,250						4,000
Gentraco	1,100	840	750							2,690
Mekongfood CT			2,500							2,500
Kigitraco			1,250	1,000						2,250
Song HAU Farm		710	1,500							2,210
Bitafarmco			1,200							1,200
Mivimex	1,000									1,000
Unknown	4,000		5,000	15,000					10,000	34,000
Total	45,310	59,050	27,750	53,050	0	0	2,710	4,700	10,000	202,570
By destinations										
Africa	15,450	10,500	6,250	25,300						57,500
Indonesia	4,700	12,000	8,000	8,900			2,710			36,310
Iraq	5,000	24,000								29,000
EU	6,000	6,000	4,500							16,500
Malaysia	4,500	5,000	3,000							12,500
Japan	5,860									5,860
Singapore	500		4,500	600						5,600
Yemen								4,700		4,700
Australia	3,050									3,050
East Timor				2,000						2,000
Russia	250	1,550								1,800
Philippines										0
Cuba										0
Palau			1,500	1,250						2,750
Unknown				15,000					10,000	25,000
Total	45,310	59,050	27,750	53,050	0	0	2,710	4,700	10,000	202,570

The MoT estimates rice shipped in April at 350 TMT to 370 TMT and the total rice exported in the first four months of 2001 should reach 1,134 TMT, up 55% in volume and 21% in value compared to last year. Africa and the Philippines are probably the biggest destinations for Vietnam's rice in April.

There is an increase in rice exports in the first 4 months of the year and MARD is very optimistic about achieving the country's export target of 4 MMT in CY-2001. Thus, the Post keeps our previous forecast for Vietnam's rice export at 4 MMT (see PS& Table).

Table 5: Vietnam's Rice PS& D

PSD Table						
Country	Vietnam					
Commodity	Rice, Milled				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Area Harvested	7660	7660	7564	7539	0	7539
Beginning Stocks	0	344	780	967	581	865
Milled Production	20747	20747	20701	20,818	0	20818.4
Rough Production	31435	31435	31,365	31543	0	31543.03
MILLING RATE (.9999)	6600	6600	6600	6600	0	6600
TOTAL Imports	20	20	0	0	0	0
Jan-Dec Imports	20	20	0	0	0	0
Jan-Dec Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	20767	21111	21481	21,785	581	21,684
TOTAL Exports	3370	3370	4000	4000	0	4000
Jan-Dec Exports	3370	3370	4000	4000	0	4000
TOTAL Dom. Consumption	16617	16774	16900	16920	0	16920
Ending Stocks	780	967	581	865	581	764
TOTAL DISTRIBUTION	20767	21111	21481	21,785	581	21,684

POLICY

Quota on rice export and appointing rice direct exporters abolished. On April 4, 2001 the Prime Minister Nguyen Manh Cam signed Decree No.46/2001/QD-TTg on Vietnam's Export-Import Management Mechanism for 2001-2005. Referring to rice exports, the quota imposed on rice export and fertilizer import as well as the nomination of rice direct exporters and fertilizer importers are removed. Accordingly, every economic agency holding a licence on trading food or agricultural commodities can participate in rice export. However, the Government still assigned MoT to coordinate with Vietnam's Food Association in nominating state own food companies to deal with Vietnam rice's key markets such as Indonesia, the Philippines, Malaysia and Iraq. The appointed companies will negotiate and sign export contacts dealing with such markets. Later on, the amount on the signed contracts will be

allocated to provinces based on their available rice supply for implementation. The Government will be using an open bidding system for rice exported under the debt payment programs (mainly with Iraq and Cuba).

GVN buying 1 MMT of paddy in MRD for stockpiling.

To prevent rice price from plunging and to share losses with farmers, in the late February the GVN decided to buy 1MMT of paddy in MRD for temporary storage for the period of March 10- September 10, 2001. The paddy should be purchased in March and April as the harvest of the crop is in the peak. Based on the Government's decision, MoT allocated the retaining paddy quota as follows: 180 TMT to Vinafood II, 135 TMT to An Giang, 120 TMT to Can Tho, 120 TMT to Dong Thap, 100 TMT to Kien Giang, 80 TMT to Long An, 70 TMT to Vinh Long, 55 TMT to Soc Trang, 40 TMT to Tra Vinh and 30 TMT to Bac Lieu province.

However, the process of paddy procurement was very slow at the beginning as rice exporters did not want to buy rice because they were afraid of losses if the Government subsidy interest rate for the program expired and the export price continued to drop. By April 4, only about 54% of the rice stockpile was bought and price of rice was as low at VND 900-1,100/kg in the region.

On April 1-2, Deputy Prime Minister Nguyen Cong Tan, working with local authorities and enterprises dealing with "1 MMT rice stockpiling program", reaffirmed that the Government would compensate those buyers who suffered from losses. However, the detail of the compensation plan were still not announced. He also said that, the stockpiled rice would be used for Government-Government contracts and promotion programs.

After the Government's announcement, rice buying was accelerated and by April 20, about 900 TMT of rice was purchased. The two biggest rice production provinces of An Giang and Can Tho in the Mekong Delta have fulfilled their mandates. However, the farmers still have to sell their paddy at VND 1,100-1,200/kg, lower than the floor price (VND 1,300/kg) set by the Government.

The GVN setting measures to boost rice export. Vietnam rice exporters are allowed to accept deferred payment up to 720 days for deals covering at least 30 TMT. The GVN also encouraged rice exporters to set up storage in African countries to facilitate rice exports to that region. Businesses that find new markets for rice will be awarded. More trade missions will be organized to go abroad for seeking markets for rice. Vietnam is also working on some barter trade programs like rice for palm oil with Malaysia and rice for raw cashews with some African countries. Vietnam is also keen in opening a market in North Korea.

Vietnam, Thailand Discuss on Rice Export Cooperation

On September of last year, Vietnam and Thailand signed an agreement on rice export. According to the agreement, a rice pool was established by contribution from both countries. Thailand is in charge of marketing and discuss with Vietnam for signing joint export contract. However, the Vietnam's MoT reported that no joint contracts have been signed so far.

During two day (April 25-26) official visit to Vietnam, Thailand Prime Minister Thaksin Shinawatra affirmed that rice export cooperation between the two countries had potential. The Thai Government's policy is to strengthen cooperation among rice growing nations including Thailand, Vietnam, China,

and Pakistan. The cooperation should be enhanced by developing a multinational rice pool that can resolve problems of price cutting between them.